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BPA ends fiscal year in black, makes over \$1 billion Treasury payment

PORTLAND, Ore. –The Bonneville Power Administration reported today that the agency ended fiscal 2003 in the black despite low water conditions. The agency also sent to the U.S. Treasury more than \$1 billion, including an early payment of \$328 million designed to reduce overall debt costs.

“BPA vigorously managed debt and reduced costs last year,” said Steve Wright, BPA administrator. He said potential losses projected early in 2003 were averted through a combination of spending reductions and debt refinancing.

BPA set a target of limiting internal power-related expenses affecting rates to actual 2001 levels, and beat the objective by nearly 10 percent in 2003. Debt management reduced expenses \$463 million, the agency reported.

The agency’s audited financial results for fiscal year 2003 ending Sept. 30 show net revenues of \$555 million on total revenues of \$3.6 billion. However, absent bond refinancings and other actions taken by BPA to hold down rates, net revenues would have been \$37 million.

The Treasury payment included \$544 million in principal and \$466 million in interest. BPA also paid \$47 million in other obligations, such as reimbursement for civil service retirement benefits.

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Most of the \$328 million of early retirement of Treasury debt was made possible by refinancing Energy Northwest bonds at lower interest rates. By this means BPA reduced expenses and freed up borrowing authority for upgrading the regional electrical transmission grid. BPA borrows money from the Treasury for construction of the federal electrical system and related purposes.

This year through cost cutting and financing actions BPA was able to reduce an anticipated 15 percent wholesale power rate increase to 2.2 percent, effective Oct. 1, 2003. A pending legal settlement with customers, if completed by early February 2004, would reduce current wholesale rates by nearly 10 percent.

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